

Revised due to adoption of amendments on General File

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2014-15</b>		<b>FY 2015-16</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$52,700	See Below	\$45,200	See Below
CASH FUNDS		See Below		See Below
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$52,700</b>	<b>See Below</b>	<b>\$45,200</b>	<b>See Below</b>

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 867, as amended by AM1954, AM2011, and AM2190, makes a number of changes to the Nebraska Revenue Act of 1967 and to the Sports Arena Financing Assistance Act.

The original provisions of the bill still incorporated into LB 867, changes who may access sales and use tax information to no longer require that such a person be a municipal employee but only that the person be certified by the municipality seeking information. The person may still be a municipal employee but can also be a contractor who provides financial, accounting or other administrative services to the municipality. The person so certified would still be bound by the confidentiality requirements found in this section. LB 867 also adds language allowing the municipality to seek information on any person who is liable for the use tax and the amount of use tax that person remitted which is allocable to the requesting municipality.

This portion of LB 867, as amended, becomes effective three months following adjournment.

LB 867, as amended by AM1954, adds the provisions of LB 783 to the bill. Section 13-3107 is amended to provide that instead of only an annual determination and certification by the Tax Commissioner of sales tax revenue collected from retailers doing business at an eligible sports arena facility, the sports arena admissions, and the new revenue collected by nearby retailers that the determination and certification are now done quarterly.

In addition, the State Treasurer shall now transfer the amount of sales tax revenue certified by the Tax Commissioner to the Sports Arena Facility Support Fund on a quarterly basis. The bill also provides that an annual audit shall continue to be done and following the annual audit, the State Treasurer shall transfer an amount to or from the fund necessary to reconcile the quarterly estimated transfers.

Money is then to be transferred to any political subdivision for which an application for state assistance under the Act has been approved on a quarterly basis instead of an annual basis.

Currently, audit and certification of the amount of new state sales is done annually, after the close of the fiscal year during which the tax revenue was generated. That amount is then certified by December and becomes part of the appropriations process that begins in January of the following year.

This portion of LB 867, as amended, becomes operative July 1, 2014.

The bill, as amended by AM1954, also adds the provisions of LB 809 and provides for a sales and use tax exemption for purchases by any historic automobile museum of items which are displayed or held for display and are reasonable related to the general purpose of the museum.

A historic automobile museum is defined as in Section 51-702 and is used to maintain and exhibit a collection of at least one-hundred-fifty motor vehicles, and was open to the public an average of four or more hours per week during the previous calendar year. A museum in its first year of existence may qualify as a historic museum without complying with the four hours per week requirement.

NOTE: Section 51-702 defines a museum as an institution located in Nebraska and operated by a nonprofit corporation or a public agency, primarily for educational, scientific, historic preservation, or aesthetic purposes, and which owns, borrows, cares for, exhibits, studies, or catalogs property. It includes, but is not limited to, historical societies, historic sites or landmarks, parks, monuments, libraries, and zoos.

This portion of LB 867, as amended, becomes operative October 1, 2014.

As amended by AM2011, the bill now includes the provisions of LB 829 and amends Nebraska Revised Statutes Sections 77-2701.11 and 77-2701.35 to change the definition of “delivery charges” and “sales price” to exclude United States postage charges on direct mail that is separately stated on an invoice, bill of sale, or similar document given to the purchaser. This has the effect of exempting such charges from sales tax.

This portion of LB 867, as amended, becomes operative April 1, 2014.

The bill, as amended by AM2011, also incorporates certain provisions of LB 159 to provide for a sales and use tax exemption for purchases of bullion or currency. “Bullion” is defined as bars, ingots, or commemorative medallions of gold, silver, platinum, or palladium for which the value of the metal depends on its content and not its form. “Currency” is defined as a coin or currency made of gold, silver, or other metal or paper which is or has been used as legal tender.

This portion of LB 867, as amended, becomes operative April 1, 2014.

LB 867 contains the emergency clause.

The Department of Revenue estimates the following fiscal impact of LB 867, as amended:

Fiscal Year:	General Fund:	State Highway Capital Improvement Fund:	Highway Trust Fund:	Highway Allocation Fund (Local):	Total:
2013-14:	(\$ 454,000)	(\$ 18,000)	\$ 0	(\$ 3,500)	(\$ 475,500)
2014-15:	(\$ 5,546,000)	(\$ 118,000)	(\$ 192,000)	(\$ 224,000)	(\$ 6,060,000)
2015-16:	(\$ 3,188,000)	(\$ 124,000)	(\$ 294,000)	(\$ 334,000)	(\$ 3,940,000)
2016-17:	(\$ 3,324,000)	(\$ 129,000)	(\$ 300,000)	(\$ 341,000)	(\$ 4,094,000)

**NOTE:** The above estimate includes loss of revenue for the current fiscal year (FY13-14). This is a result of the operative date of April 1, 2014 for the sales tax exemption for postage and bullion in AM2011.

The Department of Revenue also indicates an expenditure of \$52,700 for FY2014-15 and \$45,200 for FY2015-16 for 1.0 FTE for compiling and researching the use tax data requested by municipalities. PSL for this position is \$33,200 for FY2014-15 and \$34,000 for FY2015-16.

We agree with the Department of Revenue’s estimate of fiscal impact and cost.

**IMPACT TO POLITICAL SUBDIVISIONS:**

The Department of Revenue estimates the following fiscal impact to the Highway Allocation Fund:

FY2013-14:	(\$ 3,500)
FY2014-15:	(\$ 224,000)
FY2015-16:	(\$ 334,000)
FY2016-17:	(\$ 341,000)